

FUND FINANCIAL STATEMENTS

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 3

**Balance Sheet
Governmental Funds
June 30, 2003**

	Primary Government			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 26,397,561	\$ 44,633,626	\$ 1,538,457	\$ 72,569,644
Receivables, net of allowances for uncollectibles:				
Taxes, including penalties	3,367,409	-	-	3,367,409
Accounts	985,541	1,471,127	223,234	2,679,902
Interfund	30,640	250,000	-	280,640
Due from other governmental units	1,808,765	-	-	1,808,765
 Total assets	<u>32,589,916</u>	<u>46,354,753</u>	<u>1,761,691</u>	<u>80,706,360</u>
Liabilities				
Accounts payable	718,454	1,881,994	154,319	2,754,767
Accrued liabilities	607,676	-	56,675	664,351
Other liabilities	-	419,557	-	419,557
Due to component unit	6,004,767	-	-	6,004,767
Deferred revenue	2,566,519	-	-	2,566,519
 Total liabilities	<u>9,897,416</u>	<u>2,301,551</u>	<u>210,994</u>	<u>12,409,961</u>
Fund balance				
Fund balances:				
Reserved for:				
Parks and recreation operations	-	-	120,679	120,679
Library operations	-	-	59,430	59,430
Unreserved:				
Designated:				
Capital projects fund	-	44,053,202	-	44,053,202
Undesignated:				
General fund	22,692,500	-	-	22,692,500
School Board	-	-	-	-
Special revenue fund	-	-	1,370,588	1,370,588
 Total fund balance	<u>22,692,500</u>	<u>44,053,202</u>	<u>1,550,697</u>	<u>68,296,399</u>
Total liabilities and fund balance	\$ <u>32,589,916</u>	\$ <u>46,354,753</u>	\$ <u>1,761,691</u>	\$ <u>80,706,360</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 4

**Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
Fiscal Year Ended June 30, 2003**

	Primary Government
Total fund balances - governmental funds	\$ 68,296,399
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore not reported in the governmental funds.	66,900,124
Deferred revenue represents amounts that were not available to fund current expenditures and therefore is not reported as revenue in the governmental funds.	2,566,519
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(961,422)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. This amount includes the current portion and long-term obligation amounts.	(57,313,087)
Net assets of governmental activities	\$ 79,488,533

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 5

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2003**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 64,490,211	\$ 221,846	\$ 3,889,526	\$ 68,601,583
Other local taxes	11,727,145	-	925,717	12,652,862
Permits, privilege fees and regulatory licenses	1,508,077	-	-	1,508,077
Fines and forfeitures	504,517	-	-	504,517
Revenue from use of money and property	1,421,527	303,028	2,505	1,727,060
Charges for services	1,019,281	55,124	-	1,074,405
Miscellaneous	136,119	323,140	12,442	471,701
Recovered costs	137,727	-	7,890	145,617
Intergovernmental:				-
Contribution from School Board	-	3,789,103	-	3,789,103
Commonwealth	18,412,055	-	261,407	18,673,462
Federal	2,058,211	344,346	18,822	2,421,379
Total revenues	<u>101,414,870</u>	<u>5,036,587</u>	<u>5,118,309</u>	<u>111,569,766</u>
Expenditures				
Current operating:				
General government administration	6,625,921	1,062,447	-	7,688,368
Judicial administration	2,186,402	-	-	2,186,402
Public safety	8,437,521	4,265,129	4,931,468	17,634,118
Public works	4,397,446	1,605,050	-	6,002,496
Health and welfare	5,787,402	-	-	5,787,402
Education	51,019,617	6,913,769	-	57,933,386
Parks, recreation, and cultural	3,096,652	2,617,278	17,647	5,731,577
Community development	3,280,733	426,549	-	3,707,282
Non-departmental	523,408	-	-	523,408
Debt service:				
Principal retirement	4,484,717	-	-	4,484,717
Interest and other costs	2,769,165	147,425	-	2,916,590
Total expenditures	<u>92,608,984</u>	<u>17,037,647</u>	<u>4,949,115</u>	<u>114,595,746</u>
Excess (deficiency) of revenues over expenditures	<u>8,805,886</u>	<u>(12,001,060)</u>	<u>169,194</u>	<u>(3,025,980)</u>
Other financing sources (uses)				
Transfers in	-	8,194,105	170,330	8,364,435
Transfers (out)	(8,399,708)	-	(3,369)	(8,403,077)
Proceeds from indebtedness	-	1,700,000	-	1,700,000
Total other financing sources (uses)	<u>(8,399,708)</u>	<u>9,894,105</u>	<u>166,961</u>	<u>1,661,358</u>
Net changes in fund balance	406,178	(2,106,955)	336,155	(1,364,622)
Fund balances, beginning, as restated	<u>22,286,322</u>	<u>46,160,157</u>	<u>1,214,542</u>	<u>69,661,021</u>
Fund balances, ending	<u>\$ 22,692,500</u>	<u>\$ 44,053,202</u>	<u>\$ 1,550,697</u>	<u>\$ 68,296,399</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 6

**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Fiscal Year Ended June 30, 2003**

		Primary Government Governmental Funds
Net change in fund balances - total governmental funds	\$	(1,364,622)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current year.		
Capital outlay	\$ 9,028,008	
Joint tenancy assets	1,405,837	
Depreciation expense	<u>(2,241,921)</u>	8,191,924
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of deferred taxes.		
		(566,246)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Details of this adjustment follow:		
Principal retired on general obligation bonds	3,800,000	
Principal retired on capital lease obligations	684,717	
Proceeds from capital lease obligations	<u>(1,700,000)</u>	2,784,717
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in accrued leave	(173,735)	
Change in interest payable	<u>187,525</u>	<u>13,790</u>
Change in net assets of governmental activities	\$	<u>9,059,563</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 7

**Statement of Net Assets
Proprietary Funds
June 30, 2003**

	Business Type Activity Enterprise Funds				Total
	Solid Waste Fund	Airport Fund	Fleet Maintenance Fund	Health Insurance Fund	
Assets					
Current assets:					
Cash and investments	\$ 1,486,559	\$ 216,928	\$ 48,630	\$ 4,313,136	\$ 6,065,253
Accounts receivable, net of allowance uncollectible	759,160	-	27,435	-	786,595
Inventory	-	-	104,691	-	104,691
Due from other governmental units	2,560	14,831	-	-	17,391
Total current assets	2,248,279	231,759	180,756	4,313,136	6,973,930
Noncurrent assets:					
Capital assets (net of accumulated depreciation)					
Land	1,637,136	4,921,306	-	-	6,558,442
Buildings and improvements	4,118,278	693,516	32,940	-	4,844,734
Equipment	260,782	-	109,051	-	369,833
Infrastructure	758,445	-	-	-	758,445
Construction in process	-	989,251	-	-	989,251
Total capital assets	6,774,641	6,604,073	141,991	-	13,520,705
Other assets	28,864	-	-	-	28,864
Total noncurrent assets	6,803,505	6,604,073	141,991	-	13,549,569
Total assets	9,051,784	6,835,832	322,747	4,313,136	20,523,499
Liabilities					
Current liabilities:					
Accounts payable	435,367	35,481	48,220	48,028	567,096
Accrued liabilities	23,941	730	16,567	1,021,975	1,063,213
Due to other funds	250,000	-	-	-	250,000
Current portion of long-term debt	332,944	-	5,739	-	338,683
Total current liabilities	1,042,252	36,211	70,526	1,070,003	2,218,992
Noncurrent liabilities:					
Noncurrent portion of long-term debt	5,798,400	-	51,656	-	5,850,056
Total liabilities	6,840,652	36,211	122,182	1,070,003	8,069,048
Net Assets					
Invested in capital assets, net of related debt	6,774,641	6,604,073	141,991	-	13,520,705
Unrestricted	(4,563,509)	195,548	58,574	3,243,133	(1,066,254)
Total net assets	2,211,132	6,799,621	200,565	3,243,133	12,454,451
Total liabilities and net assets	\$ 9,051,784	\$ 6,835,832	\$ 322,747	\$ 4,313,136	\$ 20,523,499

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 8

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Fiscal Year Ended June 30, 2003

	Business Type Activity - Enterprise Funds				Total
	Solid Waste Fund	Airport Fund	Fleet Maintenance Fund	Health Insurance Fund	
Operating revenues					
Charges for services	\$ 5,934,606	\$ 146,646	\$ 1,693,002	\$ 8,889,993	\$ 16,664,247
Miscellaneous	32,194	-	-	-	32,194
Total operating revenues	5,966,800	146,646	1,693,002	8,889,993	16,696,441
Operating expenses					
Personal services	638,755	16,308	450,844	-	1,105,907
Fringe benefits	176,967	3,100	129,331	8,817,718	9,127,116
Contractual services	2,702,445	91,278	103,107	53,498	2,950,328
Other operating expenses	282,174	19,731	1,030,811	391	1,333,107
Depreciation	269,704	27,471	18,924	-	316,099
Total operating expenses	4,070,045	157,888	1,733,017	8,871,607	14,832,557
Operating income (loss)	1,896,755	(11,242)	(40,015)	18,386	1,863,884
Nonoperating revenues (expenses)					
Interest income	16,267	1,751	-	79,228	97,246
Loss on sale of assets	-	-	(20,700)	-	(20,700)
Commonwealth of Virginia - grants	26,423	227,262	-	-	253,685
Federal - grants	1,207	258,705	-	-	259,912
Interest expense	(156,476)	-	-	-	(156,476)
Total nonoperating revenues (expenses)	(112,579)	487,718	(20,700)	79,228	433,667
Income (loss) before transfers	1,784,176	476,476	(60,715)	97,614	2,297,551
Transfers in	-	38,642	-	-	38,642
Change in net assets	1,784,176	515,118	(60,715)	97,614	2,336,193
Net assets, beginning of year, as restated	426,956	6,284,503	261,280	3,145,519	10,118,258
Net assets, end of year	\$ 2,211,132	\$ 6,799,621	\$ 200,565	\$ 3,243,133	\$ 12,454,451

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 9

Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2003

	Business Type Activity - Enterprise Funds				Total
	Solid Waste Fund	Airport Fund	Fleet Maintenance Fund	Health Insurance Fund	
Cash Flow from Operating Activities					
Receipts from customers and users	\$ 5,807,617	\$ 152,517	\$ 1,696,217	\$ 9,109,494	\$ 16,765,845
Payment to suppliers and other operating activities	(2,712,346)	(105,035)	(1,123,901)	(9,025,793)	(12,967,075)
Payment to employees (including fringes)	(815,722)	(19,408)	(580,175)	-	(1,415,305)
Net cash provided by (used in) operating activities	2,279,549	28,074	(7,859)	83,701	2,383,465
Cash Flow from Noncapital Financing Activities					
Transfers in	-	38,642	-	-	38,642
Operating grants	27,630	-	-	-	27,630
Net cash provided by noncapital financing activities	27,630	38,642	-	-	66,272
Cash Flow from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(1,675,477)	(475,297)	-	-	(2,150,774)
Principal paid on debt	(2,790,000)	-	-	-	(2,790,000)
Refunding bonds issued	2,545,000	-	-	-	2,545,000
Payment on interfund obligation	(250,000)	-	-	-	(250,000)
Proceeds from sale of capital assets	-	-	29,000	-	29,000
Interest paid on debt	(156,476)	-	-	-	(156,476)
Federal and state reimbursements for capital projects	-	485,967	-	-	485,967
Net cash provided by (used in) capital and related financing activities	(2,326,953)	10,670	29,000	-	(2,287,283)
Cash Flow from Investing Activities					
Interest	16,267	1,751	-	79,228	97,246
Net cash provided by investing activities	16,267	1,751	-	79,228	97,246
Net increase (decrease) in cash and cash equivalents	(3,507)	79,137	21,141	162,929	259,700
Cash and cash equivalents - beginning of the year	1,490,066	137,791	27,489	4,150,207	5,805,553
Cash and cash equivalents - end of the year	1,486,559	216,928	48,630	4,313,136	6,065,253
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities					
Cash flows from operations:					
Operating income (loss)	1,896,755	(11,242)	(40,015)	18,386	1,863,884
Adjustment to reconcile net income to net cash provided by operations:					
Depreciation	269,704	27,471	18,924	-	316,099
Changes in operating assets and liabilities:					
(Increase) decrease in receivables	(37,881)	5,871	3,271	219,501	190,762
Decrease in due from other governments	2,560	36,051	-	-	38,611
(Increase) in inventory	-	-	(633)	-	(633)
Increase (decrease) in accounts payable	132,051	(23,952)	1,164	(177,861)	(68,598)
Increase (decrease) in accrued liabilities	16,360	(6,125)	9,430	23,675	43,340
Net cash provided by (used in) operating activities	\$ 2,279,549	\$ 28,074	\$ (7,859)	\$ 83,701	\$ 2,383,465

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF FAUQUIER, VIRGINIA**Exhibit 10****Statement of Net Assets
Fiduciary Funds
June 30, 2003**

	Pension Trust		Agency Funds
	Length of Service Award		
Assets			
Cash and investments	\$ -	\$	113,798
Cash in custody of others	1,664,735		52,648
Accounts receivable	-		76,928
Total assets	<u>1,664,735</u>		<u>243,374</u>
Liabilities			
Accounts payable	-		33,584
Due to general fund	-		30,640
Amounts held for clients/others	-		179,150
Total liabilities	-		243,374
Net Assets			
Held in trust for pension benefits	<u>1,664,735</u>		<u>-</u>
Total liabilities and net assets	\$ <u>1,664,735</u>	\$	<u>243,374</u>

The accompanying notes to financial statements are an integral part of this statement.

COUNTY OF FAUQUIER, VIRGINIA

Exhibit 11

**Statement of Changes in Fiduciary Net Assets
Pension Trust Fund
Fiscal Year Ended June 30, 2003**

Additions

Contribution for beneficiary	\$	82,195
Investment income		<u>129,396</u>
Total additions		<u>211,591</u>

Deductions

Members' benefits		185,223
Insurance		61,465
Administrative fees		<u>4,523</u>

Total deductions		<u>251,211</u>
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Change in net assets		(39,620)
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Net assets - beginning of the year		<u>1,704,355</u>
Net assets - end of the year	\$	<u><u>1,664,735</u></u>

The accompanying notes to financial statements are an integral part of this statement.